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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 002966

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DEPT FOR EAP AND EAP/CM
NSC FOR DENNIS WILDER

E.O. 12958: DECL: 07/20/2031
TAGS: PGOV PHUM PINR PREL HK CH

SUBJECT: FORMER SECRETARY FOR SECURITY REGINA IP RETURNS TO HONG KONG'S POLITICAL LIMELIGHT

Classified By: Acting E/P Chief Jeff Zaiser. Reasons: 1.4(b,d).

¶11. (C) Summary: On July 18, following a well-choreographed return to Hong Kong, former Secretary for Security Regina Ip launched the Savantas Policy Institute, a think tank which will focus on how to transform Hong Kong into a knowledge-based economy and develop the city into the mainland's platform for technology transfer. As the Government's staunchest supporter of failed Article 23 legislation, Ip abruptly resigned two weeks after the massive July 1, 2003 demonstration, citing "personal reasons." After three years of study at Stanford, Ip returned to Hong Kong as a cautious supporter of universal suffrage, stating "there is no reason why direct elections to the fifth term of the legislature not be held in 2012." While Ip has been vague about her political future, her supporters and analysts have freely speculated that she may run for a seat in the Legislative Council in 2008 and/or contest the 2012 Chief Executive election. One analyst stated, "Ip may be fashioning a powerful political persona for herself -- that of a convert to democracy with the advantages of ministerial experience and Beijing's support." Comment: Several of our contacts believe that Beijing's implicit support of Ip will serve as a reminder to Chief Executive Donald Tsang that, like his former boss C.H. Tung, he also is replaceable. End Summary and Comment.

A Choreographed Return to Hong Kong

¶12. (SBU) At a July 18 press conference, former Secretary for Security Regina Ip formally launched the Savantas Policy Institute, a public policy think tank that will focus on transforming Hong Kong into a knowledge-based economy and on developing the city into the mainland's platform for technology transfer and trading intellectual property rights.

(Note: Savantas' focus echoes calls by former Chief Executive (CE) C.H. Tung to develop Hong Kong into a knowledge-based economy. End Note.) Most of the 11 members of the Savantas board of governors are graduates of Stanford University, where Ip spent the last three years completing a master's degree under Professor Larry Diamond, a scholar in comparative studies on democracy.

¶13. (C) Ip spent much of her hour and forty-five minute press conference deflecting questions about her political future. Since her June 19 interviews with "Sing Tao Daily" and "The Standard," Ip's return to the political limelight has been daily fare in the media. Several Consulate contacts have speculated to poloff that Ip likely planned her return to Hong Kong several months in advance and had received substantial assistance from friends in Hong Kong, who liaised with local media in generating the extensive media

coverage. The former civil servant also explained her thoughts on Hong Kong's prospects for democracy, saying "there is no reason why direct elections to the fifth term of the legislature not be held in 2012." She noted, however, that certain pre-conditions should be met before achieving universal suffrage, including obtaining the support of the Central Government. Generating even more interest in her return to Hong Kong were hints that she might form a new political party or even run for a legislative seat.

¶4. (SBU) On July 4, eight newspapers carried a summary of her master's thesis, "Hong Kong: A Case Study in Democratic Development and Transitional Society." Ip explained how the "debilitating disconnect" between the executive and legislative branches had hampered the Hong Kong Government's efficiency, and she also expressed support for a bicameral legislative system.

An Unlikely Democrat

¶5. (SBU) During Ip's tenure as Secretary for Security from 1998-2003, she was dubbed "Hong Kong's Iron Lady" for her tough demeanor. Given her record in that office, her recent pronouncements in support of universal suffrage are considered a bit out of character by some analysts. As the primary architect of Article 23, Ip became extremely unpopular with many Hong Kongers over her uncompromising defense of national security legislation and her remarks on democracy. In 2002, she warned that democracy was not a panacea for all of Hong Kong's problems and reminded Hong Kongers that Adolf Hitler had been elected by a "one man, one vote" election. Moreover, during the run-up to the July 1, 2003 march, which attracted more than half a million

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protestors, Ip became one of the targets of anti-Article 23 demonstrators; fifteen days after the massive protest, the 28-year veteran of the Government resigned from the Government, citing "personal reasons." During the launch of Savantas, Ip declined to apologize for her work on Article 23 or to back down from her Hitler comment, saying that she believed her remarks were not controversial and were grounded in "political science views."

Ip's Political Future

¶6. (SBU) While Ip has been careful to say as little as possible about her political ambitions, both analysts and her supporters have speculated freely to the media, generating even more excitement about her return to politics. On July 11, political commentator Allen Lee opined to the "South China Morning Post (SCMP)" that Ip might be interested in seeking a directly elected seat in the 2008 Legco election and eventually the Legco presidency. Lee added that Ip also might be interested in seeking the Chief Executive job in 2012. On July 19, both Chan Wing-kee, a member of the Central People's Consultative Conference (CPPCC), and tycoon Stanley Ho said at the Savantas launch that they would support Ip if she decided to run in the 2008 Legco elections.

¶7. (SBU) According to Professor Ma Ngok of the Hong Kong University of Science and Technology, in a statement to the SCMP on July 13, establishing a think tank was a clever move on the part of Ip. It not only raises her media profile, but also provides a platform for her future political ambitions. In another July 13 SCMP column, Christine Loh, Chief Executive of Civic Exchange agreed: "Ip may be fashioning a powerful political persona for herself -- that of a convert to democracy with the advantages of ministerial experience and Beijing's support." In addition to being the head of Savantas, Ip will also host a weekly television program on ATV, for which she already has interviewed Civic Party leader Audrey Eu and Liberal Party Chairman James Tien.

Biographic Information

18. (SBU) Ip joined the Hong Kong Government in 1975 and served in a number of branches and departments including the Civil Service Branch, Home Affairs Department, Security Branch, Trade Department, Chief Secretary's Office and Trade and Industry Branch. After her May 1998 promotion to Secretary for Security, she was dubbed "Hong Kong's Iron

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Lady." Ip resigned from that position on July 16, 2003 for "personal reasons."

Sakaue